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C O N F I D E N T I A L SECTION 01 OF 02 BUDAPEST 001186

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DEPARTMENT FOR EUR/FO JGARBER AND MBRYZA, EUR/CE, EUR/ERA,
EEB/FO, PLEASE PASS TO NSC ASTERLING

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TAGS: ENRG ECON EPET PGOV HU

SUBJECT: LETTER FROM PM GYURCSANY TO PRESIDENT BUSH

REF: WHITE HOUSE 0617

Classified By: P/E Counselor Eric Gaudiosi, reasons 1.4 (b, d)

¶1. (C) Following is the text of a letter dated December 10, 2008 from Prime Minister Ferenc Gyurcsany in response to a letter from President Bush.

¶2. (U) Begin Text

Dear Mr. President,

Allow me to confirm that I fully agree with the statements you have made in your recent letter regarding European energy security. Energy policy is gaining increasing importance, thus, enhanced understanding and close cooperation between the European Union and its Member States and the United States are both essential. I am pleased to learn that, during the past few months, dialogue regarding energy policy and strengthening energy security across Europe has become more intensified.

As a member of the European family, and as a dedicated Central European state with significant dependence on energy supplies, the Republic of Hungary has always been active in the field of energy policy. We are especially interested in projects that promote diversification and help reduce dependence. Thus, we have already launched several initiatives connected to better facilitate the transit of Caspian supplies to Europe.

Over the past months, I myself have established an exceptionally good personal and business relationship with Azeri President Aliyev whom I met four times this year. I have also conducted successful and very informative talks with the Turkmen leadership. During my recent talks in Ankara I repeatedly emphasized to my Turkish counterpart the importance of the early signature of an Intergovernmental Agreement on the Nabucco project. The significance of the Nabucco project, supported by EU member states, among them Hungary, has been underlined by the appointment of a special Nabucco Ambassador who is actively travelling throughout Europe, in the United States and in the Caspian region in order to keep all parties continuously posted.

Another Hungarian initiative, the New European Transmission System (NETS), if realized in its final form, would comply with EU unbundling rules, and would enable non-discriminatory third party access to gas networks throughout the Central and Southern European region. It would catalyze long needed regional infrastructure development and at the same time contribute to EU's energy liberalization and supply security goals, including fuelling capacity demand and infrastructure

development for the Nabucco pipeline.

In addition, in line with our firm commitment to the Nabucco project, we have started the preparation of a Nabucco Summit due 26-27 January 2009 in Budapest. The conference, which will gather all parties concerned, is designed to give further impetus to the collective thinking and action concerning European energy security. We see promising signs of high level participation from most of our European and Central Asian partners. We are expecting to welcome a high level US representative as well who will be granted a key role in the implementation of a successful summit.

Dear Mr. President,

It is my strong belief that the enhanced dialogue between Europe and the United States concerning energy security is a promising process of working together towards a less vulnerable global energy situation. Being particularly efficient, the Hungarian-American energy dialogue can serve as a good model for other European partners as well.

The efforts your Administration has been making and your considerable personal engagement in the energy issue as well as in further shaping our bilateral relations strengthen my conviction that as Allies we pursue a very close and profitable cooperation.

Yours sincerely,

Gyurcsany Ferenc

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End Text.

¶3. (U) Post will forward signed original to the desk.
Foley